

## **POLICIES ON THE SARBANES-OXLEY ACT**

**Definition of Auditor Independence**  
**Name of Your Organization**  
**Date**

In all matters relating to an audit, an audit organization and their individual auditors, should be free both in fact and appearance from personal, external and organizational impairments to independence and should maintain an independent attitude and appearance. Auditors must act with integrity and exercise objectivity and professional skepticism to achieve a completely unbiased audit decision.

## POLICY STATEMENT

**Subject:** Internal Accounting Controls

**Date:** \_\_\_\_\_

### Purpose

Internal controls are to be an integral part of this organization's financial and business policies and procedures. Internal controls consist of all the measures taken by the organization for the purpose of (1) protecting its resources against waste, fraud, and inefficiency; (2) ensuring accuracy and reliability in accounting and operating data; (3) securing compliance with the policies of the organization and applicable laws and regulations; and (4) evaluating the level of performance in all organizational units of the organization. Internal controls are simply good business practices that implement our commitment carrying out the mission of Goodwill with integrity and competence.

### Policy

The organization maintains a system of internal controls sufficient to provide reasonable assurance that the above-stated purposes are met and risks to the organization's objectives are assessed and addressed appropriately. These internal controls include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties. Internal controls rely on the principle of checks and balances in the workplace, and include the following control activity:

**Personnel** need to be competent and trustworthy, with clearly established lines of authority and responsibility documented in written job descriptions and procedures manuals. Organizational charts provide a visual presentation of lines of authority and periodic updates of job descriptions ensure that employees are aware of the duties they are expected to perform. A limitation inherent in any system is the element of human error, misunderstandings, fatigue and stress. Employees are to be encouraged to take earned vacation time in order to improve operations through cross training while enabling employees to overcome or avoid stress and fatigue. Accounting personnel are required to take one week of vacation annually.

**Authorization Procedures** need to include a thorough review of supporting information to verify the propriety and validity of transactions. Approval authority is to be commensurate with the nature and significance of the transactions and in compliance with Goodwill policy.

**Segregation of Duties** will reduce the likelihood of errors and irregularities. An individual is not to have responsibility for more than one of the three transaction components: authorization, custody, and record keeping. Duties such as check writing, deposit functions, inventory management and account reconciliation should be kept separate. Active involvement by officers is critical in areas where staff is small and segregation of duties is not feasible. When the work of one

employee is checked by another, and when the responsibility for custody for assets is separate from the responsibility for maintaining the records relating to those assets, there is appropriate segregation of duties. This helps detect errors in a timely manner and deter improper activities; and at the same time, it should be devised to prompt operational efficiency and allow for effective communications.

**Documentation and Record Retention** provides reasonable assurance that all information and transactions of value, including receipt and disposition of assets, are fairly and accurately recorded and retained. Records are to be maintained and controlled in accordance with the established retention period and properly disposed of in accordance with established procedures.

**Physical Restrictions** are protective measures for safeguarding assets, processes and data. Access to checks or petty cash is limited, secured and documented when used. Access to computer files and databases should be limited to authorized employees.

“Reasonable assurance” for purposes of this policy is based on two factors:

(1) The cost of control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires good faith estimates and judgments by management.

### **Responsibility**

Everyone within the organization has a role in internal controls. The role varies depending upon the level of responsibility and the nature of involvement by the individual. The Board of Directors, Chief Executive Officer, Chief Financial Officer, and senior executives establish the presence of integrity, ethics, competence and a positive control environment. Department heads have oversight responsibility for internal controls within their units. Managers and supervisory personnel are responsible for executing control policies and procedures at the detail level within their specific unit. Individuals within a unit are to be cognizant of proper internal control procedures associated with their specific job responsibilities.

### **Monitoring Compliance with and Adequacy of Controls**

The Chief Financial Officer of the organization is responsible for dissemination of and compliance with this policy. The Chief Financial Officer's responsibilities include monitoring of internal controls, which is a process that assesses the quality of the system's performance over time. Ongoing monitoring also occurs in the ordinary course of operations, and includes regular management and supervisory activities, and other actions personnel take in performing their duties that assess the quality of internal control system performance. Internal control deficiencies should be reported upstream to the appropriate supervisor, with serious matters reported immediately as may be appropriate to the Chief Financial Officer, Chief Executive Officer, and/or the Audit Committee.

The Chief Financial Officer will report to the Chief Executive Officer and the Audit Committee at least annually on the organization's compliance with this policy, and

Audit Committee shall keep the Board of Directors informed in accordance with the Audit Committee Charter. The adequacy of the organization's internal controls also shall be reviewed by its independent auditors in connection with the annual audit in accordance with generally accepted auditing standards.

There is no such thing as a perfect control system and evolution and improvement is to be expected. Circumstances for which the internal control system was originally designed also may change. The way controls are applied may evolve. Because of changing conditions and risk experience, management and the Board of Directors need to determine from time to time whether the internal control system continues to be relevant and able to address new risks.



## **GOODWILL INDUSTRIES OF [name of agency] Whistleblower Policy**

The whistleblower provisions of the Sarbanes-Oxley Act<sup>2</sup> provide additional whistleblower protections to individuals who report complaints about questionable accounting or auditing matters. Goodwill Industries [name of agency] is committed to ensuring that an environment exists for employees to report suspected violations of the law or fraud. Goodwill Industries [name of agency] has set up a mechanism to ensure that complaints are investigated in a timely manner and an employee bringing a complaint is free from retaliation.

Goodwill Industries [name of agency] is dedicated to the fair and accurate accounting of financial matters of Goodwill Industries [name of agency] and expects all employees to act in accordance with the highest ethical standards in the performance of their duties on behalf of Goodwill Industries [name of agency]. Goodwill Industries of [name of agency] relies on all of its employees to abide by the intent and spirit of this policy and to report any suspected violations of this policy or other questionable financial, accounting or audit matters or potential legal violations of state and/or federal laws without fear of retaliation.

Goodwill Industries [name of agency] has established the following procedures for the confidential, anonymous submissions of concerns or complaints by employees regarding questionable ethical, business, accounting, or auditing matters:

### **Filing a Complaint:**

Any employee who has complaints or concerns with respect to ethical behavior, accounting controls, auditing matters, violations of state or federal laws or policies of Goodwill Industries [name of agency] is strongly encouraged to report such a complaint or concern to Goodwill Industries [name of agency] Audit Committee. Such submissions may be directed to the attention of the Audit Committee or any member of the Audit Committee.

To file a complaint or concern to the Audit Committee, an individual should provide details in writing to the Chair of the Audit Committee or a member of the Audit Committee by sending information to:

Chair of the Audit Committee  
c/o Goodwill Industries [name of agency]  
street address

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<sup>2</sup> Whistleblower protection provisions of the Sarbanes-Oxley Act (18 U.S.C. § 1514A) state that no publicly-traded company, or its officers, or employees may discharge, demote, suspend, threaten, harass, or in any other manner discriminate against an employee because the employee has provided information of possible wrongdoing. The Act also states that a system for reporting alleged misconduct should be established. Goodwill Industries of [name of agency] intends to implement the requirements of these provisions of the Act.

city, state, zip code

Or e-mail at [e-mail address]

As many details as possible should be included with the complaint, such as a description of the questionable activity, the names of the individuals involved, the names of possible witnesses, dates, times, places, and any other available details. Goodwill Industries [name of agency] encourages any employee to come forward with information. Retaliation is prohibited against the individual bringing the complaint or concern to the Audit Committee. However, any individual should feel free to report the complaint anonymously and confidentiality will be protected.

Supervisors and managers who receive such complaints must consult with the Audit Committee prior to taking action. The Audit Committee has the authority and responsibility for undertaking the investigation; the Audit Committee handles the complaints relating to ethical or accounting practices.

#### **Investigating a Complaint:**

The Audit Committee will oversee the intake and response to complaints. The Audit Committee will fully evaluate and investigate the allegations of misconduct as expeditiously as possible. Individuals should avoid making false statements and not engage in any activity that is either unlawful or unreasonable. If the Audit Committee determines the complaint is outside the scope of the Audit Committee's responsibility, it will refer the complaint to legal counsel for investigation.

#### **Responding to a Complaint:**

Complaints will be addressed in a timely manner, and the individual bringing a complaint before the Audit Committee will receive a response. The Audit Committee will maintain a record of all such complaints and concerns, along with the investigative outcomes, on a confidential basis. Individuals bringing a complaint should in good faith participate in any subsequent procedures necessary to investigate the complaint. At the conclusion of any investigation or proceeding, the outcome will be communicated to the individual bringing the complaint.

#### **Ensuring a Non-Retaliation Policy:**

Goodwill Industries [name of agency] will not retaliate or take part in any form of reprisal against the individual bringing the complaint. Any such retaliation is prohibited. Employees who believe they may have been subject to retaliation should report such suspected retaliation to the Audit Committee in the same manner described above for the purpose of reporting questionable activity. Any questions about this policy should be directed to the Chair of the Audit Committee. Nothing in this policy pre-empts applicable state or federal statutes governing Wistleblowers.



## CONFLICT OF INTEREST POLICY

Any member or officer of the Board of Directors, employees and volunteers of the {name of Goodwill} shall not receive any compensation, nor shall he or she permit any compensation to accrue to his or her beneficial interest from any source, the receipt or accrual of which would occur by virtue of influence improperly exerted from his or her position as a member or officer of the Board of Directors, employee or volunteer.

No member or officer of the Board of Directors, employee or volunteer (hereinafter referred to as "covered person(s)) shall engage in any outside business or professional activity or employment for compensation which is inconsistent or in conflict with the conscientious performance of official duties of {name of Goodwill}.

While respecting the right to engage in outside activities and investments, covered persons are restricted from engaging in any activity that may constitute a conflict of interest. All covered persons who deal with vendors, providers of outside services, and those seeking to or engaged in business with Goodwill must do so in a manner that avoids the appearance of a conflict of interest.

For the purpose of this policy, a "conflict of interest" is defined as any situation or activity that gives rise to a covered person being influenced by considerations that affect the covered person professionally or financially in the course of performing work for Goodwill. "Conflict of interest" includes any circumstance that could cast doubt on an individual's ability to act with total objectivity with regard to Goodwill's interest.

The following are examples that could constitute a conflict of interest:

- Business interest or outside activity that conflicts with duties to the {name of Goodwill agency}
- Engaging in any unethical or illegal practice
- Taking any unfair advantage in business dealings
- Accepting financial benefits, gifts or promises of future benefit, the value of which exceeds \$100, from an individual or business that might benefit or appear to benefit from the affiliation
- Participating in transactions or relationships which might reasonably be expected to affect one's judgment in a manner that is adverse to the agency
- Borrowing money from the agency
- Other action(s) that may give the appearance of impropriety.

Potential conflicts of interest require reporting to the President or Chair of the Board or, as to employees, to the immediate supervisor. Any Board member or Officer who is aware that he or she may have a potential conflict of interest with respect to any matter before the board shall disclose all relevant information. The Chair may request that the covered person not be present for any deliberation on that matter, not be counted for purposes of a quorum, nor vote in connection with the matter.

Exceptions to this policy require prior approval by the Executive Committee. All exceptions shall be reported to the full Board of Directors.



Suspected violations of this policy should be reported to the President or Chair of the Board.

\_\_\_\_\_  
[name of individual]

## **AUDIT COMMITTEE CHARTER**

Effective as of \_\_\_\_\_ 200\_\_

### **THE PURPOSE OF THE AUDIT COMMITTEE**

The purpose of the Audit Committee is to represent and assist the Board of Directors in its general oversight of the agency's accounting and financial reporting processes, audits of the financial statements, and internal control and audit functions. Management is responsible for (a) the preparation, presentation and integrity of the agency's financial statements; (b) accounting and financial reporting principles; and (c) the agency's internal controls and procedures designed to promote compliance with accounting standards and applicable laws and regulations. The agency's independent auditing firm is responsible for performing an independent audit of the consolidated financial statements in accordance with generally accepted auditing standards.

The Audit Committee members are not professional accountants or auditors and their functions are not intended to duplicate or to certify the activities of management and the independent auditor, nor can the Committee certify that the independent auditor is "independent" under applicable rules. The Audit Committee serves a board level oversight role where it oversees the relationship with the independent auditor, as set forth in this charter, and provides advice, counsel and general direction, as it deems appropriate, to management and the auditors on the basis of the information it receives, discussions with the auditor, and the experience of the Committee's members in business, financial and accounting matters.

### **MEMBERSHIP**

The Audit Committee is comprised of at least three directors determined by the Board of Directors to meet the independence and financial literacy requirements of Goodwill Industries International (GII). Appointment to the Committee, including the designation of the Chair of the Committee and the designation of any Committee members as "audit committee financial experts", shall be made on an annual basis by the full Board upon recommendation of the Nominating Committee.

### **RESPONSIBILITIES**

the Audit Committee:

- Is directly responsible for the appointment, replacement, compensation, and oversight of the work of the independent auditor. The independent auditor shall report directly to the Audit Committee.

- Reviews and discusses the statement from the independent auditor concerning any relationship between the auditor and the agency or any other relationships that may adversely affect the independence of the auditor, and, based on such review, assesses the independence of the auditor.
  
- Establishes policies and procedures for the review and pre-approval by the Committee of all auditing services and permissible non-audit services (including the fees and terms thereof) to be performed by the independent auditor.
  
- Reviews and discusses with the independent auditor: (a) its audit plans, and audit procedures, including the scope, fees and timing of the audit; and (b) the results of the annual audit examination and accompanying management letters;
  
- Reviews and discusses reports from the independent auditors on (a) all critical accounting policies and practices used by the Agency, (b) alternative accounting treatments within GAAP related to material items that have been discussed with management, including the ramifications of the use of the alternative treatments and the treatment preferred by the independent auditor, and (c) other material written communications between the independent auditor and management.
  
- Reviews with the independent auditor its judgments as to the quality, not just the acceptability, of the agency's accounting principles and such matters as are required to be discussed with the Committee under generally accepted auditing standards.
  
- Discusses with management the quarterly financial information to be presented to the Board of Directors and reports to the Board of Directors on those discussions
  
- Reviews and discusses with management and the independent auditor various topics and events that may have significant financial impact on the agency or that are the subject of discussions between management and the independent auditors.
  
- Reviews and discusses with management the agency's major financial risk exposures and the steps management has taken to monitor and control such exposures.
  
- Reviews and approves the information to be reported to the Internal Revenue Service on the agency's annual Form 990



- Reviews and discusses with management and the independent auditor (a) the adequacy and effectiveness of the agency's internal controls (including any significant deficiencies and significant changes in internal controls reported to the Committee by the independent auditor or management; (b) the agency's internal audit procedures; and (c) the adequacy and effectiveness of the agency's disclosures controls and procedures, and management reports thereon.

If applicable

- Reviews matters related to the corporate compliance activities of the agency, including the review of reports from the agency's Compliance Oversight Officer and other related groups.
- Establishes procedures for the receipts, retention and treatment of complaints received by the agency regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- Establishes policies for the hiring of employees and former employees of the independent auditor.
- Publishes the report of the Committee's activities to be included in the agency's annual report
- When appropriate, designates one or more of its members to perform certain of its duties on its behalf, subject to such reporting to or ratification by the Committee as the Committee shall direct.

## **MEETINGS AND PROCESS**

The Audit Committee shall meet at such times and places as the Audit Committee shall determine. The Audit Committee shall meet in executive session with the independent auditor and management periodically. The Chairman of the Audit Committee shall report on Audit Committee activities to the full Board.

The Audit Committee will engage in an annual self-assessment with the goal of continuing improvement, and will annually review and reassess the adequacy of its charter, and recommends any changes to the full Board.

The Audit Committee shall have the authority to engage independent legal, accounting and other advisers, as it determines necessary to carry out its duties. The Audit Committee shall have sole authority to approve related fees and retention terms.

The Chairman of the Audit Committee is to be contacted directly by the independent auditor (1) to review items of a sensitive nature that can impact the accuracy of financial reporting or (2) to discuss significant issues relative to the overall Board responsibility that have been communicated to management but, in their judgment, may warrant follow-up by the Audit Committee.

## DOCUMENT RETENTION POLICY FOR GOODWILL MEMBERS

This policy outlines the specific provisions of the Sarbanes-Oxley Act<sup>3</sup> in connection with records retention and provides a basic guideline for Goodwill member organizations to model in establishing and maintaining a functional records retention program.

### *Document Retention/Destruction Policy*

A document retention/destruction policy recites its purpose; provides retention guidelines and procedures for storage, organization, retrieval and destruction of documents; designates individuals responsible for ensuring compliance with the policy; and provides for the suspension of the policy in the event of litigation or an investigation. In order to develop an effective records retention program, Goodwill (name of your organization) undertake the following actions:

1. Form a records oversight committee. Criteria and responsibilities of the committee members are discussed below.
2. Identify all pertinent records of the company, either in electronic or paper format.
3. Identify all record retention requirements that are legally mandated. Here, the expertise of legal counsel is merited to identify which documents are subject to governmental policy and have predetermined retention periods.
4. Create appropriate retention and destruction schedules covering all relevant documents.
5. Obtain proper management approvals prior to actual implementation of the record retention program.

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<sup>3</sup> The basic provisions of the Act address the issues of records retention and document destruction in the following areas:

- A. Destruction, alteration(s), and falsification of records in federal investigations and bankruptcy. Title VIII, §802 of the Act identifies the criminal penalties for altering documents by amending Title 18 of the United States Code, §1519 to include, "people who knowingly alter, destroy, mutilate, conceal or falsify any document or tangible object with the intent to impede, obstruct or influence proceedings involving federal agencies or bankruptcy proceedings may be fined, imprisoned up to twenty (20) years or both."
- B. Strengthening of existing obstruction of justice provisions of the United States Code. Section 1512 of Title 18 of the U.S.C was amended to reflect the following provision: "whoever corruptly alters, destroys, mutilates or conceals a record, document or other object, or attempts to do so, with the intent to impair the object's integrity or availability for use in an official proceeding or otherwise obstructs, influences or impedes any official proceeding, or attempts to do so will be fined or imprisoned not more than twenty (20) years, or both."



6. Perform effective day-to-day control and management of the records retention program. This is the primary responsibility of the Records Manager.

### Forming a Committee

1. The committee will consist of attorney(s), accountant(s), tax expert(s), IT specialist(s), and/or departmental director(s), where available as staff or volunteers.
2. Each member will have a good working knowledge of his/her department's work processes and the types of records generated by that department during the ordinary course of business. This knowledge is beneficial, in that, committee members can advise one another on strategic issues, program development, rollout and ongoing operational matters.
3. The committee will consider involving from the beginning counsel who is experienced in the non-profit structure of, and tax-exempt laws governing, non-profit organizations; and, in the litigation document discovery process, specifically, electronic discovery matters. One goal of the committee is to create systems and procedures for the efficient production of responsive documents for any potential litigation or governmental proceeding, experienced counsel can provide policy instructions regarding the production of documents process. When deciding on appropriate legal counsel, the organization should select an attorney who can adequately contribute to the creation of the policy, as he/she will be responsible for ensuring:
  - that the policy serves the specific informational and management needs of the organization;
  - that documents are retained in accordance with any publicized industry standards, as failure to do so could suggest bad faith, absent a reasonable explanation; and
  - that the policy is compliant with all current statutory and regulatory document retention rules.
4. This committee will also address all types of paper and electronic records when developing retention schedules, and should consider the possibility of document reproductions and/or "informational" or "personal" copies of documents that can inevitably be subpoenaed and used against a company in litigation or a government investigation, even when the company has properly destroyed the originals. Addressing all records also includes review, storage and subsequent destruction of media and computer records.

### Identifying Documents for Retention

1. In creating a document retention/destruction plan, Goodwill Industries (name of your organization) will abide by all laws governing its record retention requirements. To accomplish this, the oversight committee will list all categories of documents maintained within the organization and assign retention/destruction schedule for documents under each categories.

2. After Goodwill Industries (name of your organization) has identified as many documents as possible, relevant to its business activities, which are subject to the document retention program.
3. The committee will determine how long to keep each categories of all previously identified, pertinent document, and who is the contact primarily responsible for each category of documents within each department. These department contacts will regularly follow-up with the Records Manager, who will document the ongoing progress and/or status of department compliance with the enacted organizational records retention program.
4. The most important component of any document retention plan is the systematic disposal of the documents that have outlived their usefulness. The formal policy, which is distributed to all employees should identify in addition to retention period for each document type, the manner of disposition for such documents upon the conclusion of the retention cycle. Documents can be discarded from current document circulation in one of three ways – recycled, shredded or archived. Certain document items, i.e., financial and/or legal materials, should always be shredded should these materials reach a point of uselessness.

The following are compliance guidelines Goodwill Industries (name of your organization) that will be followed by implementing an electronic document retention policy:

1. Identify the committee member responsible for monitoring and purging electronic media, as the contact person who will follow-up regularly with the Records Manager.
2. The IT contact in collaboration with other committee members will create detailed logs of record-purging and back-up activities.
3. Archiving procedures will be periodically reviewed and tested. If back-up tapes are used, be sure to initiate a plan for accessing data on old tapes. Old back-up tapes should be organized and stored in a centrally located place within the organization or in an offsite storage facility.
4. Make certain that all media are considered and accounted for in the purging policy. This includes, but is not limited to, servers, desktops, laptops, PDAs, BlackBerries, and various other portable media devices.

**In the event that anyone within the organization receives notice regarding potential litigation, investigation, or audit, it is critical that he/she reports this information to the Records Manager and corporate counsel. Following, immediate action should be taken to notify all affected persons within the**



**company not destroy any records until the Records Manager and Counsel determine what records are involved.**

#### Documenting the Program

Having a comprehensive, legally sufficient records management program does little good if a company cannot demonstrate that it maintained its records properly. In such situations, governmental agencies and/or courts may assume that the company did not adequately manage its records and may then issue sanctions. Consequently, a company must maintain appropriate documentation supporting the development and implementation of the program. In this regard, Goodwill Industries (name of your organization) will:

- Maintain documentation supporting the development of the overall records management program, specifically including the records retention program.
- Write procedures, including the procedures in effect each year (rather than just the current procedures).
- Write management approvals for the records management program.
- Sign records retention schedules.
- Document the destruction of records under a records retention program
- Audit reports indicating compliance with the program

## SAMPLE DOCUMENT RETENTION POLICY

A sample document retention policy (Figure 1) has been included and may be used as a template in the preparation of a policy created specifically to meet the informational and management needs of individual member organizations.

Figure 1. Sample Document Retention & Destruction Schedule

Category of Records	Description of Records	Manner of Record Keeping	Retention Period	Disposition
<b>General</b>	Correspondence	Compile and store current correspondence in appropriate subject files or in accordance with general corporate filing guidelines.	<b>Two Years.</b> This period may be increased or shortened depending upon importance to daily business activities.	Archive only correspondence important to business activities. Useless documents should be recycled or shredded.
<b>Financial</b>	Accounts payable ledgers and schedules	Compile and file records on an annual basis.	<b>Seven Years.</b> Store with financial records.	Archive with financial records and shred after three years of storage.
	Accounts receivable ledgers and schedules	Compile and file records on an annual basis.	<b>Seven Years.</b> Store with financial records.	Archive with financial records and shred after three years of storage.
	Annual information returns (IRS Forms 990)	Federal law requires that the three most recent years returns be kept in the organization headquarters and be made available for public inspection	<b>Permanent.</b> Store with financial records.	Archive with financial records at the end of the retention period.
	Audit reports	Compile and file records on an annual basis.	<b>Permanent.</b> Store with financial records.	Archive with financial records at the end of the retention period.
	Banking statements and reconciliations	Compile and file records on an annual basis.	<b>Three Years.</b> Store with financial records.	Shred at the end of the retention period.
	Cash books	Compile and file records on an annual basis.	<b>Seven Years.</b> Store with financial records.	Shred at the end of the retention period.
	Chart of accounts	Compile and file records on an annual basis.	<b>Seven Years.</b> Store with financial records.	Shred at the end of the retention period.
	Cancelled checks	For important payments, i.e., taxes, purchases of property, special contracts, etc., checks should be filed with the papers pertaining to the underlying transaction. Otherwise, compile and file records on an annual basis.	<b>Seven Years.</b> Store with financial records.	Shred at the end of the retention period.
	Depreciation schedules	Compile and file records on an annual basis.	<b>Six Years.</b> Store with financial records.	Shred at the end of the retention period.



Figure 1. Sample Document Retention & Destruction Schedule

Category of Records	Description of Records	Manner of Record Keeping	Retention Period	Disposition
	Duplicate deposit slips	Compile and file records on an annual basis.	<b>Six Years.</b> Store with financial records.	Shred at the end of the retention period.
	Expenses analyses and distribution schedules	Compile and file records on an annual basis.	<b>Seven Years.</b> Store with financial records.	Shred at the end of the retention period.
	Financial statements (year-end, other optional)	Compile and file records on an annual basis.	<b>Permanent.</b> Store with financial records.	Archive with financial records at the end of the retention period.
	General/private ledgers, year-end trial balances	Compile and file records on an annual basis.	<b>Seven Years.</b> Store with financial records.	Shred at the end of the retention period.
	Journal entries	Compile and file records on an annual basis.	<b>Seven Years.</b> Store with financial records.	Shred at the end of the retention period.
	Notes receivable ledgers and schedules	Compile and file records on an annual basis.	<b>Permanent.</b> Store with financial records.	Archive with financial records at the end of the retention period.
	Payroll records and summaries	Compile and file records on an annual basis.	<b>Seven Years.</b> Store with financial records.	Shred at the end of the retention period.
	Petty cash vouchers	Compile and file records on an annual basis.	<b>Seven Years.</b> Store with financial records.	Shred at the end of the retention period.
	Property records including costs, depreciation reserves, year-end trial balances, depreciation schedules, blueprints, and plans	Compile and file records on an annual basis.	<b>Permanent.</b> Store with financial records.	Archive with financial records at the end of the retention period.
	Purchase orders	Compile and file records on an annual basis.	<b>One Year.</b> Store with financial records.	Shred at the end of the retention period.
	Requisitions	Compile and file records on an annual basis.	<b>One Year.</b> Store with financial records.	Shred at the end of the retention period.
	Tax returns, worksheets, and revenue agents' reports	Compile and file records on an annual basis.	<b>Permanent.</b> Store with financial records.	Archive with financial records at the end of the retention period.
	Time cards	Compile and file records on an annual basis.	<b>Seven Years.</b> Store with financial records.	Shred at the end of the retention period.
	Vouchers (invoices) for payments to vendors, employees, etc. (includes allowances and reimbursements of employees, officers, and consultants for travel and	Compile and file records on an annual basis.	<b>Seven Years.</b> Store with financial records.	Shred at the end of the retention period.



Figure 1. Sample Document Retention & Destruction Schedule

Category of Records	Description of Records	Manner of Record Keeping	Retention Period	Disposition
	entertainment expenses.			
	Withholding tax statements	Compile and file records on an annual basis.	<b>Seven Years.</b> Store with financial records.	Shred at the end of the retention period.
<b>Governance</b>	Board of Directors minutes, notes and reports from all years.	Compile and file records on an annual basis.	<b>Permanent.</b> Store with other corporate records.	Archive with financial records at the end of the retention period.
	Governing documents including articles of incorporation, bylaws, amendments, membership and other related documents	File documents with other corporate records.	<b>Permanent.</b> Store with other corporate records.	Archive with corporate records at the end of the retention period.
<b>Grants</b>	Proposals, original contract agreements, supporting data, accounting documents, financials, subrecipient policy reports, time cards invoices for payments to subawardees, subaward agreements, procurement documents, A-133 audits and related correspondence	Compile and file records on an annual basis.	<b>Three Years.</b> Store with other grant records.	Archive with grant records for three years at the end of the retention period following the filing of the closing report and acceptance by the funding agency.
<b>Human Resources</b>	Employment applications	Compile and file records on an annual basis.	<b>Three Years.</b> Store with other human resources records.	Shred at the end of the retention period.
	Personnel files (current)	Compile and file records on an annual basis.	<b>One Year.</b> Store with other human resources records	Shred at the end of the retention period.
	Personnel files (from date of termination)	Compile and file records on an annual basis.	<b>Seven Years.</b> Store with other human resources records.	Shred at the end of the retention period.
	Retirement and pension records	Compile and file records on an annual basis.	<b>Permanent.</b> Store with other human resources records.	Archive with human resources records at the end of the retention period.
	Records of pension paid to employees or beneficiaries (after final payment)	Compile and file records on an annual basis.	<b>Six Years.</b> Store with other human resources records.	Shred at the end of the retention period.
	Insurance policies (expired)	Compile and file records on an annual basis.	<b>Three Years.</b> Store with other human resources records.	Shred at the end of the retention period.
	Insurance records, current accident reports, claims	Compile and file records on an annual basis.	<b>Permanent.</b> Store with other human resources records.	Archive with human resources records at the end of the retention period.
	Garnishments	Compile and file	<b>Seven Years.</b>	Shred at the end of the





